

# Congress of the United States

Washington, DC 20513

June 9, 1998

The Honorable Jacob J. Lew  
Acting Director  
Office of Management and Budget  
17th and Pennsylvania Avenue, N. W.  
Washington, D.C. 20503

Dear Mr. Lew:

The federal government reached an important milestone in implementing the Government Performance and Results Act ("Results Act") with submission of the first round of agency annual performance plans this past February. As you know, we evaluated the performance plans for the 24 Chief Financial Officers Act agencies using the same cross-jurisdictional, bi-partisan committee staff teams that evaluated the agency strategic plans last year.

Our teams have completed their evaluations, and feedback is being provided to each agency by the committee(s) that evaluated its plan. The purpose of this letter is to share with you our overall observations and our recommendations on how to move forward.

At the outset, we want to recognize and commend the hard work that agencies have put into Results Act implementation during the past year. We are well aware that many dedicated federal employees are deeply committed to the principles of the Results Act and are determined to see the Act succeed. We also commend your predecessor, Frank Raines, for his vocal and consistent support for the Results Act. We hope that you will bring the same commitment to your service as OMB Director, and we look forward to working with you.

Although both the Executive branch and Congress devoted much effort to Results Act implementation over the last year, the central conclusion that emerges from our evaluations is that we have a long way to go before the Results Act produces reliable performance data to support federal decision making and day-to-day agency management. Last year's strategic plans and this year's performance plans have not developed to the point of providing performance information that Congressional decision makers can use on a systematic basis. We strongly suspect that the same is true for Executive branch decision makers and agency managers.

Thus, we are at a crossroads in Results Act implementation and we face a serious dilemma. On the one hand, Results Act plans are not yet useful to decision makers for the most part. On the other hand, failure to use the plans may be interpreted as a sign of lack of interest by Congressional decision makers. This could discourage those who have worked hard on the plans while encouraging some cynics who expect, perhaps even want, the Act to fail. Therefore, we must first be clear that failure to use the plans now is not a sign of disinterest but merely a consequence of their early stage of development. Simply put, the plans are not being used because they are not yet useful.

We must work together to find ways to improve the plans and make them more useful. We are confident that the Results Act will succeed if both the Executive branch and the Congress demonstrate our interest in developing solid performance information, and a firm commitment that we will use the information once it is in place. To this end, we believe the following must

occur:

**Congress must continue to provide active oversight of Results Act implementation.**

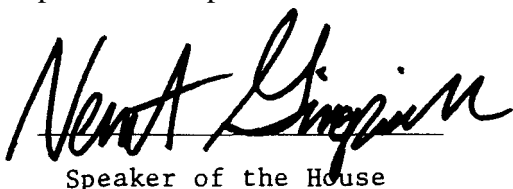
We have applied rigorous criteria in our evaluations of strategic and performance plans, and we have been quite critical of most of the plans to date. We believe that our “scorecard” approach to evaluating the plans has effectively focused high-level attention on the plans, providing systematic feedback to agencies and improving the quality of the plans where our suggestions were considered. While we acknowledge that this approach is regarded by many as adversarial, Congress must be fully candid about our high expectations because they derive from the high standards established in the law. The sole objective of our review comments is to prompt agencies to develop the best plans and performance information that they are capable of producing. We therefore welcome dialogue with OMB and the agencies to discuss how our efforts can be carried out most constructively and effectively in order to achieve this objective.

**The Executive branch must provide stronger leadership for Results Act implementation.** No matter how active our oversight, Congress cannot spearhead implementation of the Results Act. Effective implementation of the Act, as with any other law, requires leadership and commitment from the Executive branch. The importance of such leadership and its benefits are illustrated by the fine efforts of the Transportation Department with the active, personal involvement of both Secretary Slater and Deputy Secretary Downey. Transportation produced the best strategic plan and the best performance plan of all the agencies we evaluated.

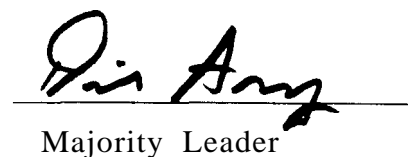
We are encouraged by the interest Vice President Gore recently expressed in the Results Act. There is a clear connection between the National Partnership for Reinventing Government (NPR) and the Results Act. The NPR has taken the important first step of focusing on improved “customer service” by “impact agencies.” For example, members of the public must be able to gain access to employees at agencies such as SSA and IRS on a timely and convenient basis when seeking information and services. The Results Act can take the next step by holding agencies accountable for the ultimate performance result--actually providing the accurate information and the services the public needs.

However, many agency officials have expressed a need for clearer guidance from OMB concerning the preparation of Results Act plans. Some suggested that participation by OMB resource management officers in the development and review of plans has been uneven and inconsistent. OMB also must assume a leadership role in ensuring that cross-cutting programs and activities are coordinated, that common performance measures are developed for similar programs and activities, and that major management problems are adequately addressed. Indeed, agencies will be unable to overcome these key challenges without active support and leadership from OMB.


We look forward to working with you and the agencies in the future to ensure that the Results Act achieves its full promise for the American public. We hope that the experience gained this year and our further efforts in the coming months will lead to much improved performance plans for Fiscal Year 2000.

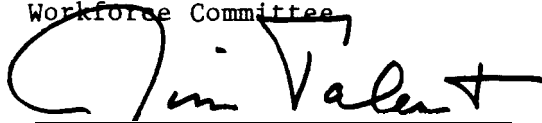
  
Speaker of the House

Sincerely,

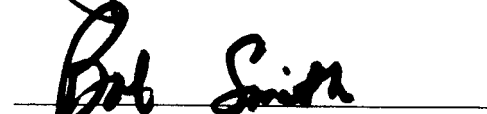
  
Majority Leader

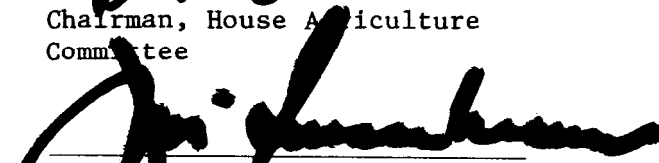
  
Chairman, House Appropriations  
Committee

  
Chairman, House Education &  
Workforce Committee

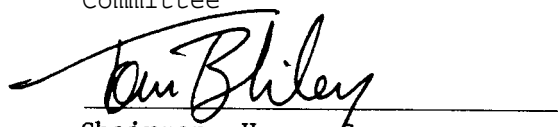
  
Chairman, House Small Business  
Committee

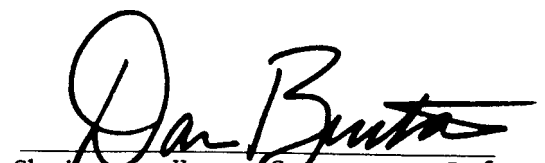
  
Chairman, House Banking and  
Financial Services Committee

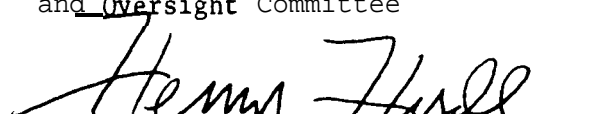
  
Chairman, House Agriculture  
Committee


  
Chairman, House Science  
Committee


  
Chairman, House Transportation  
Committee

  
Chairman, House Commerce  
Committee

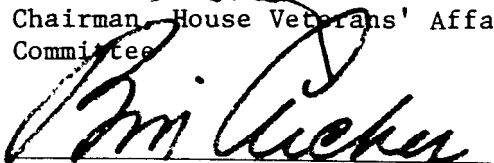
  
Chairman, House Government Reform  
and Oversight Committee


  
Chairman, House Judiciary Committee

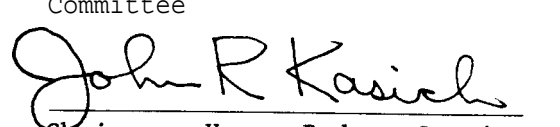
  
Chairman, House Resources Committee

  
Chairman, House International  
Relations Committee

  
Chairman, House Veterans' Affairs  
Committee

  
Chairman, House Ways and Means  
Committee

  
Chairman, House National Security  
Committee

  
Chairman, House Budget Committee

Enclosure

**Towards a Smaller, Smarter, Common Sense Government**  
Seeking **Honest Information for Better Decisions**

**RESULTS ACT: AGENCY PERFORMANCE PLANS**

*June 1998*

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**Issued by:**

House Speaker Newt Gingrich  
House Majority Leader Dick Armey  
Chairman Bob Livingston, House Appropriations Committee  
Chairman Dan Burton, House Government Reform and Oversight Committee  
Chairman John Kasich, House Budget Committee  
Chairman Bob Smith, House Agriculture Committee  
Chairman Jim Leach, House Banking and Financial Services Committee  
Chairman Tom Bliley, House Commerce Committee  
Chairman Bill Goodling, House Education and Workforce Committee  
Chairman Ben Gilman, House International Relations Committee  
Chairman Henry Hyde, House Judiciary Committee  
Chairman Floyd Spence, House National Security Committee  
Chairman Don Young, House Resources Committee  
Chairman Jim Sensenbrenner, House Science Committee  
Chairman Jim Talent, House Small Business Committee  
Chairman Bud Shuster, House Transportation Committee  
Chairman Bob Stump, House Veterans' Affairs Committee  
Chairman Bill Archer, House Ways and Means Committee

**INTRODUCTION**

*At the outset, we want to recognize and commend the hard work that agencies have put into Results Act implementation during the **past** year. We are well aware that many dedicated federal employees are deeply committed to the principles of the Results Act and are determined to see the Act succeed.*

**Three Stages of Implementation**

Implementation of the Government Performance and Results Act ("Results Act") by federal agencies consists of three basic steps. The first step is the preparation and submission of "strategic plans," which define agency missions and establish long term goals and strategies. Agencies submitted their first strategic plans on September 30, 1997. The second step is the submission of "annual performance plans," which establish annual performance goals and targets for the applicable fiscal year. In February of this year, agencies submitted their first round of annual performance plans. These plans cover fiscal year (FY) 1999, beginning on October 1, 1998. The third step is the submission of "annual program performance reports," which report on the results achieved by the agency against the applicable performance plan. The

first round of performance reports, which will cover agency achievements against their FY 1999 performance plans, is due to the President and the Congress by March 31, 2000.

### **Congressional Review**

We recently completed evaluations of the FY 1999 performance plans submitted by the 24 cabinet departments and major independent agencies that are subject to the Chief Financial Officers (CFO) Act. The evaluations were done by staff teams representing those House committees having authorizing, funding, and oversight jurisdiction over each of the 24 agencies. Minority staff were invited to the evaluation sessions, and they participated in many sessions. Senate staff also participated in some evaluation sessions.

## **EVALUATION PROCESS AND CRITERIA**

### **Evaluation Elements**

Our reviews of the performance plans were based on an evaluation form containing criteria taken directly from the law and its legislative history as well as guidance issued by OMB, GAO, and Congressional leaders. (The evaluation form can be found at [www.freedomhouse.org/results/measure/scores.htm](http://www.freedomhouse.org/results/measure/scores.htm).) We shared the evaluation form with OMB before the performance plans were submitted, and we solicited OMB's comments. No comments were received.

Consistent with the law and OMB and GAO guidance, our evaluations focused on the three main elements of performance plans: (1) annual performance goals, (2) means and strategies to achieve those goals, and (3) the validation and verification of performance against the goals. We evaluated each plan for compliance and quality under each of these elements. Each element had a potential score of 30 points--10 points for compliance and 20 points for quality. We added a fourth evaluation element, which addressed the overall presentation of the performance plan. The presentation element carried 10 points. Therefore, the total potential score for each plan was 100 points.

As in the case of our strategic plan evaluations last year, the performance plan evaluations assessed the plans using generic Results Act compliance and quality criteria. The evaluations did not consider policy issues. Also, the plans were evaluated on an absolute, rather than a relative scale. Thus, a score of 100 would reflect a plan that conformed fully to all statutory and quality criteria and left no apparent room for improvement.

### **General Accounting Office Reviews**

To assist the teams in their evaluations, GAO conducted reviews of the 24 agency performance plans and briefed our teams on their findings. The GAO reviews likewise focused on the three main elements of performance goals, means and strategies, and validation and verification. GAO provided briefing documents containing its assessments to both Congress and the agencies. GAO is now issuing final reports on its assessments, which will be available at

[www.gao.gov](http://www.gao.gov).

Since the completion of formal congressional review, the committees represented by each evaluation team have provided detailed feedback to the individual agencies on their performance plans. The following analysis presents an overview of our evaluations of the plans as a whole, and provides general observations and recommendations.

## OVERALL ASSESSMENT

The chart on the following page presents the overall results of our evaluations. It gives the total score for each agency's performance plan as well as the agency's score for its September 1997 strategic plan. On the whole, the agency performance plan scores were quite low. The average score was **42.2** out of 100. *The highest score was 71 for the Department of Transportation; the lowest score was 14 for GSA.* (The scores by the four evaluation elements for each agency are available at [www.freedom.house.gov/results/measure/scores.asp](http://www.freedom.house.gov/results/measure/scores.asp).)

AGENCY	Strategic Plan Scores	Performance Plan Scores
TRANSPORTATION	75	71
VA	49.5	62
EDUCATION	73	61
NRC	59	58.5
SBA	31	58.5
AID	36	53
NSF	69	51.5
JUSTICE	49.5	51
TREASURY	52.5	49
FEMA	51	47.5
NASA	67	47.5
LABOR	29.5	42
OPM	31	40.5
<i>HHS</i>	43	36.5
<i>AGRICULTURE</i>	39	36
<i>HUD</i>	40.5	35
<i>EPA</i>	44	34.5
<i>COMMERCE</i>	28	33
<i>INTERIOR</i>	29.5	30.5
<i>ENERGY</i>	42.5	30
<i>DEFENSE</i>	28.5	29
<i>STATE</i>	41	24
SSA	68	17
GSA	40.5	14
AVERAGE	46.6	42.2

The teams' assessments of the performance plans are consistent with the GAO findings. GAO analyzed each agency plan in terms of the same three main evaluation elements we used: (1) annual performance goals, (2) means and strategies, and (3) validation and verification. Transportation was the only agency GAO found to generally meet the evaluation criteria for one or more of the core evaluation elements. Of the remaining 23 agencies, not one was found to more than partially meet the criteria for any element. The agencies whose plans received the lowest scores were found by GAO to generally fall short of expectations on one or more of the evaluation elements.

Overall, the performance plans were disappointing. *This is **the first** round of performance plans under the Results Act, and it would be unreasonable to expect anything approaching perfection. Nevertheless, the scores indicate **how far** we have to go to realize the potential of the Results Act and to **develop** performance information that can be **used** for decision making.*

The evaluations addressed each department or agency plan as a whole. For a number of cabinet departments, the performance plan includes component plans prepared by the department's major organizational components. We found wide variation in the quality of the departmental component plans. Some component plans were quite good, even some that were within departments that did not fare well overall.

### **Noteworthy Component Plans**

The following component organizations are among those that did well in addressing one or more of the core evaluation elements:

- The Centers for Disease Control and Prevention (HHS)
- The Administration for Children and Families (HHS)
- The Food Safety and Inspection Service (Agriculture)
- The Foreign Agricultural Service (Agriculture)
- The National Weather Service (Commerce)
- The Customs Service (Treasury)
- The Veterans Health Administration (Department of Veterans Affairs)

### **MAJOR RECURRING PROBLEM AREAS**

**The strategic plans did not lay a good foundation for the performance plans.**

We conducted evaluations of the draft and final strategic plans submitted last year by each of the CFO Act agencies. While the final strategic plans improved significantly over the draft versions, we found that most of the final plans still were inadequate. Our report on the final strategic plans expressed concern over the effect the low quality of the strategic plans could have on the upcoming performance plans:

“The poor state of the strategic plans makes it even **more** important that agencies and



OMB produce high quality performance plans next February. The premise of the Results Act was that strategic plans would lay a good foundation for the annual performance plans to follow. Unfortunately, this has not yet happened. ~~We hope that next year's performance plans can at least partially compensate for the deficiencies in the strategic plans and get Results Act implementation back on track.~~"<sup>1</sup>

Clearly, ~~the performance plans did not compensate for deficiencies in the strategic plans. On the contrary, the performance plans as a whole represent a step backward from the strategic plans~~ Almost invariably, we and GAO found that specific weaknesses in the strategic plans were repeated and often compounded in the performance plans. This is disappointing but not surprising. Our evaluations confirm the logic of the Results Act: ~~good strategic plans are needed to lay the foundation for good performance plans.~~ Agencies that had problems articulating what they were trying to accomplish over a long-term period had the same problems doing so for the near term. For example, agencies such as the General Services Administration and the Office of Personnel Management that were unable to establish specific, measurable, and results-oriented **long term goals** in their strategic plans likewise were unable to establish **annual goals** that met these criteria in their performance plans.

Our evaluations bear out the relationship between strategic plans and performance plans in several ways. The agency with the **best** strategic plan (Transportation) also produced the **best** performance plan. The three agencies whose performance plans showed the **most improvement** relative to their strategic plans--the Department of Veterans Affairs, the Small Business Administration, and the Labor Department--have made, or are in the process of making, substantial changes to their strategic plans. Nine of the 11 agencies with **above average** performance plans also had **above average** strategic plans. (One of the two exceptions is the Small Business Administration, which has since redone its strategic plan.)

Furthermore, 12 of the 13 agencies with **below average** performance plans also had **below average** strategic plans. The Commerce Department illustrates this correlation. GAO found that the Commerce performance plan, like its strategic plan, had weaknesses in all three core elements: goals and objectives, strategies for achieving those goals and objectives, and capacity to provide reliable information to measure performance.

These findings reaffirm the importance of developing strategic plans that can lay a solid foundation for the annual performance plans to come. The House of Representatives recently passed legislation (H.R. 2883) to require resubmission of strategic plans. ~~We again urge those agencies with clearly deficient strategic plans to revise them now if they have not already done so.~~ The results of our evaluations demonstrate the importance of improving the strategic plans and the benefits to those agencies that have improved their plans. The alternative is to wait out several more years of deficient annual performance plans that incorporate the defects embedded in poor strategic plans, and, inevitably, the deficient performance reports that also will flow from them.

**The depth and breadth of data problems facing most agencies  
became even more pronounced in the performance plans.**

It has been clear for some time that most agencies lack the reliable data sources and

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<sup>1</sup>Report by Congressional Leaders, **Results Act: It's the Law**, p. 11 (November 1997) (Emphasis in original). The full report can be found at [www.freedom.house.gov/results](http://www.freedom.house.gov/results).

systems needed to develop, validate and verify performance information. **Data problems are probably the single most serious barrier to effective implementation of the Results Act.** This is why we considered it important for agency strategic plans to surface data capacity issues in a forthright way and to explain how they would be resolved. Unfortunately, most agencies glossed over their data problems in their strategic plans.

Any doubts that may have existed about the extent and seriousness of these data problems were dispelled by the performance plans. It became clear that agency after agency lacked reliable data necessary to establish baselines and, from there, to formulate reasonable, quantifiable performance targets. Obviously, it is impossible for an agency to develop reasonable targets to “increase” positive performance (e.g., timeliness and accuracy) or to “decrease” negative performance (e.g., payment error rates) if it can’t determine its current level of performance. Due to the absence of reliable data, many agencies indicated that FY 1999 performance targets were “not applicable” or remained “to be determined,” or they simply left blank spaces in their plans where the FY 1999 targets should have appeared.

These data problems are deep-seated; resolving them will take much time and effort. It is clear that the pervasive data problems facing most agencies require priority attention by the agencies themselves and by OMB. The first step is for agencies to honestly acknowledge the nature and extent of their data problems and immediately start the difficult task of resolving them. Some agencies took this important first step in their performance plans. Education and Justice are examples of agencies that described their data problems and needs. Other agencies, however, did not.

The benefits of experience in developing performance data are illustrated by the Treasury Department’s plan. To its credit, Treasury voluntarily undertook performance planning and reporting several years ago. As a result, portions of its current plan are well ahead of most others in providing baseline data and in using it to refine performance targets and measures.

**Performance goals and measures were not as results-oriented as they should have been; some goals were not even objective, quantifiable and measurable.**

The Results Act requires that performance goals be expressed in an objective, quantifiable, and measurable form unless otherwise authorized by OMB. (OMB authorized very few exceptions.) The intent of the Act is that agencies strive to articulate performance goals in terms of actual results or “outcomes” that matter to the American people. It is through such performance goals that policy makers and the public can best determine what return agencies are providing on taxpayer investments.

Some agency plans did articulate important results-oriented performance goals. One strength of the Transportation Department’s performance plan, as well as its strategic plan, is its focus on improving safety and reducing transportation-related deaths and injuries. The National Weather Service has a goal to increase its early warning accuracy and lead times for tornados, thunderstorms, and flash floods. The Centers for Disease Control and Prevention performance plan contains many outcome goals combined with precise measures, such as reducing the incidence of particular diseases in the general population by specified rates. The Health Care Financing Administration plan includes many concrete and measurable outcome goals, such as achieving at least a 59 percent influenza immunization rate among Medicare beneficiaries age 65 years and older. Labor has a goal to decrease fatalities in the construction industry by 3 percent by focusing on the four leading causes of fatalities.

Many agencies, however, failed to establish outcome goals. Most of the Commerce plan's annual performance goals and measures are output-oriented, such as the number of projects, reports, or applications completed. It is frequently unclear whether or how these goals and measures relate to results. There are no measurable performance goals for 4 of the 7 strategic objectives listed for the Economic Development Administration.

Likewise, the Environmental Protection Agency's performance goals are predominantly outputs. One EPA performance goal calls for 15,000 inspections to be performed. Some major EPA activities, such as enforcement, have no outcome goals stated in the performance plan. The Superfund program goals also are problematic. Although the Superfund program has been criticized for taking too long to clean up hazardous waste sites and using a large amount of funding for activities other than cleanup, such as legal fees, its performance goals do not directly address timeliness and cost issues.

While the Social Security Administration's performance plan includes a number of customer service goals, the agency missed the opportunity to make them more outcome-oriented. For example, under its customer service goal, SSA plans to track the percent of callers who successfully access its 800 number within 5 minutes of their first call and the percent who get through on their first attempt. Both of ~~these goals monitor access to the agency only, not whether the agency actually provided the caller with the help needed.~~

*One particularly striking example of the absence of outcome goals relates to reducing youth smoking, which is said to be one of the Administration's highest priorities. According to the Department of Health and Human Services strategic plan, six HHS component organizations have some responsibility for reducing the rate of tobacco use among young people. However, not one of those components offered a performance goal with such an outcome measure or even referred directly to this objective. Although we appear to have no objective way to measure the success of federal efforts to reduce teen smoking, the Administration supports stiff penalties (taxes) on the private sector for failure to reduce teen smoking.*

We recognize that lack of reliable data often makes it difficult to establish outcome-oriented performance goals and targets at the present time. However, agencies should not use data problems as an excuse to delay efforts to start work on outcome goals. The technique used by some agencies of establishing outcome performance goals that are not yet accompanied by specific performance targets still is preferable to no effort at all to establish such goals. We also recognize that some areas of federal activity (e.g., business-type functions) more readily lend themselves to outcome measurement than others (e.g., independent research programs). However, the difficulty of the task is no reason to avoid starting the effort even in the most challenging areas.

Some agencies were largely unsuccessful in developing even non-outcome goals that were objective, quantifiable and measurable. For example, the Department of Housing and Urban Development's annual performance plan contains a total of 30 performance goals and 63 performance indicators; however, 25 of those indicators do not provide quantifiable measures that allow for comparing the actual performance in FY 1999 against the projected performance. Some HUD programs have no goals or measures. For example, the HUD plan does not explain what goals or indicators relate to its proposed \$3 10 million "Drug Elimination Grants for Low-Income Housing" or its proposed \$3.7 billion "Section 8 Reserve Preservation" program activities.

The failure of the General Services Administration's plan to contain concrete statements of expected performance is particularly disappointing since its business-like functions lend themselves to performance measurement. Very few of the 31 performance goals in GSA's plan have measures and targets that decision makers can use to gauge progress. Furthermore, some of the performance measures that are present do not provide meaningful information relating to their stated goals.

**The plans failed to link performance goals and measures to individual programs and day-to-day agency activities.**

Many agencies did a fairly good job of linking their performance goals to their strategic goals. However, agencies were usually unsuccessful in linking performance goals to individual programs and day-to-day agency activities where such goals must be converted into concrete action. Even agencies that formulated good agency-wide strategies and goals often had difficulty translating those goals to the individual program level.

Obviously, relating performance information to specific programs and activities is essential to authorization and funding decisions both to determine which programs are doing well and which aren't and to target corrective actions most effectively. Such performance information also is needed by agency managers on a daily basis. Until performance information can be directly related to the individual programs and activities through which government services are delivered and on which decision makers and agency managers focus every day, the information will be of little practical use.

**The performance plans showed little evidence of coordinating cross-cutting programs and activities.**

From the outset of our consultations on agency strategic plans last year, we have encouraged use of the Results Act to examine, compare, and to attempt to rationalize the myriad federal programs with similar objectives that cut across agency lines and even exist within individual agencies. To the greatest extent practicable, similar programs should have similar performance goals, targets and measures. This is essential in the near term in order to avoid or minimize duplication and confusion among similar programs. In the longer term, similar goals and measures are essential to permit meaningful comparisons among similar programs in order to determine which are working better than others and then to take appropriate corrective action.

In response to our concerns, agencies made progress in identifying cross-cutting programs and activities within their own organizations and those that cut across agency lines. The Transportation and Education plans are particularly good examples of this. However, hardly any plans provide evidence that the agencies actually coordinated with each other to produce similar goals and measures for similar programs. The Department of Health and Human Services performance plan provides a vivid example of this problem. The plan does not specify department-wide goals and measures at all. As a result, it presents no integrated information on programs that cut across its own component organizations.

**Few agency performance plans deal effectively with major management problems.**

The Results Act also is an important vehicle for addressing major areas of fraud, waste, error and mismanagement that confront most agencies. Indeed, the first Congressional finding in the Results Act is that "waste and inefficiency in Federal programs undermines the confidence of

the American people in the Government and reduces the Federal Government's ability to address adequately vital public needs."

In particular, we have urged OMB and the agencies to address the 25 "high-risk" areas of federal operations that GAO has determined to be most vulnerable to fraud, waste and error. There are many other major management problems that are not on the high-risk list, although perhaps some should be. For example, GAO recently reported that food stamp overpayments totaled about \$1.5 billion for one year alone, or about 7 percent of all food stamp benefits provided for that year. The GAO report estimated that \$3.5 million worth of food stamps were improperly provided to prisoners and another \$8.5 million were issued to dead people.

Wasting precious and hard-earned taxpayer money on mismanagement is irresponsible, particularly when so many areas of federal activity need our immediate attention. At a minimum, every agency affected by a high-risk or other mission-critical management problem should use the Results Act to develop specific performance goals, targets and timetables to address that problem. Congress and the Administration then need to use this information to hold agencies strictly accountable until the problem is solved.

Our efforts to have major management problems addressed in the plans have met with resistance. Initially, we were told that strategic plans were not the proper place to address these problems; the performance plans were said to be a better vehicle. However, we found that the performance plans were only slightly more successful in addressing major management problems. It appears that only one agency adopted an explicit FY 1999 performance target of getting off the GAO high-risk list. Other plans were uneven at best in dealing with high-risk and other major management problems.

Treatment of the Year 2000 computer conversion problem is a case in point. Although some plans provide reasonable confidence that Year 2000 problems will be successfully resolved, at least for mission-critical systems, many others do not. For example, completion of the Year 2000 conversion is critical for the Social Security Administration in order to prevent benefits disruption. The SSA performance plan discusses the agency's Year 2000 initiatives and states that SSA is preparing a Year 2000 contingency plan that addresses how core business processes will be supported if planned conversion activities experience unforeseen disruptions. However, the performance plan does not contain any performance goals related to its actions to avoid a Year 2000 disruption.

The SSA plan also is disappointing in failing to aggressively attack fraud, waste and error in the Supplemental Security Income (SSI) program. It does not develop a set of measures to evaluate and hold the agency accountable for progress. The SSI program has been designated a high-risk area because of its vulnerability to fraud, waste, and error and insufficient management oversight. The program wastes about \$1 billion annually.

Another major disappointment is the tepid response in the Health Care Financing Administration (HCFA) performance plan to the burgeoning high-risk problem of Medicare fraud and error. The performance target for reducing home health care fraud is simply to "[i]mplement provisions of the Balanced Budget Act of 1997 related to reducing home health fraud and abuse that are required to be implemented by FY 1999." This target simply commits the agency to comply with the law; it reflects no commitment to actually reduce fraud. HCFA does have a performance target of reducing the percentage of home health services for which improper payments are made, but only from 40 percent to 35 percent and only in 4 States.

HCFA's plan proposes to reduce payment error for Medicare fee-for-service payments, but only to 13 percent for FY 1999 and to 10 percent over the subsequent 5 years. Achieving these targets would still leave tens of billions of dollars of improper payments annually.

Deficiencies in addressing major management problems reflects the neglect of another valuable resource in government-wide planning: the inspectors general. In many cases, agencies' plans either overlooked or omitted major concerns raised by these officers in their oversight of agencies.

Finally, effective workforce planning is a critical element of effective strategic and operational planning. We note that the Federal Aviation Administration, the Department of Defense, the Federal Bureau of Investigation, the Internal Revenue Service, and numerous "Performance Based Organization" proposals advanced by the National Partnership for Reinventing Government have all been based upon a premise that current federal personnel policies and practices are excessively constraining. However, none of these agencies identified critical human resource needs as part of their plans. These were not even included as factors that might pose obstacles to accomplishing key agency objectives, even though the deficiencies have already been noted in legislative proposals. OMB could play an especially helpful role by ensuring that adequate plans to address human resource management issues are integrated with other elements of the agencies' strategic and performance plans.

## CONCLUSIONS

### Slow Progress

Having completed the initial round of strategic and performance plan evaluations, it is useful to take a step back and assess where we are and where we need to go.

We appreciate the hard work that agencies have put into Results Act implementation during the past year. We know that many dedicated federal employees are committed to the principles of the Results Act and are determined to see the Act succeed. Unfortunately, however, the overriding conclusion from our evaluations is that there is a very long way to go before the Results Act can be used to integrate reliable performance data into federal decision making and day-to-day agency management. Last year's strategic plans and this year's performance plans have not developed to the point of providing information that Congressional decision makers can use on a systematic basis to make the decisions they are faced with every day. We strongly suspect that the same is true for Executive branch decision makers and agency managers.

*Why are we progressing so slowly?* Based on our evaluations and the comments we have received from many sources, there appear to be several root causes.

#### **Agencies got off to a much slower start than the Results Act envisioned.**

Congress foresaw the challenges agencies would face in implementing the Results Act at the time it was enacted in 1993. For that very reason, full scale implementation of the Act was delayed for 4 years. The Senate Governmental Affairs Committee report on the legislation enacted as the Results Act observed in this regard:

"The Committee recognizes that the reforms of S. 20 are a major undertaking. Comprehensive program goal-setting, and performance measurement and reporting, on a

government-wide basis will not be accomplished easily. Many Federal agencies will have to think about their programs in ways they are not now accustomed--with a focus on results. Determining what to measure and how to measure it, and then collecting information that is both accurate and meaningful, will be challenging for many organizations. It may be several years before a truly effective performance measurement system is operating." S. Rep. No. 103-58 at 24 (1993).

The report went on to say that in order to avoid doing "too much, too soon," the legislation provided for a series of pilot projects that would "give OMB the opportunity to study those examples and develop useful guidance for more full-scale implementation." *Id.* The report also stated:

"Just as important as beginning cautiously in implementing these performance measurement requirements is the necessity of a clear, long-term commitment to reforms. The Committee felt it important to outline a comprehensive plan for phase-in of the Act's requirements, from pilot projects through government wide program performance reporting. ~~This will put all Federal agencies on notice, even those not participating in the pilot projects, that they should begin now preparing for a new focus on reporting the results of their programs.~~" *Id.* 25. (Emphasis supplied)

Unfortunately, few agencies took advantage of this long lead time to prepare for implementation of the Act. A GAO report issued last Summer on the status of Results Act implementation observed:

"GAO's work shows that the Results Act's implementation to this point has achieved mixed results, which will lead to highly uneven government wide implementation in the fall of 1997. While agencies are likely to meet the upcoming statutory deadlines for producing initial strategic plans and annual performance plans, GAO found that those documents will not be of consistently high quality or as useful for congressional and agency decision making as they could be."<sup>2</sup>

The GAO report went on to say of the pilot projects:

"[T]he reported examples of substantial performance improvements were relatively few, and many agencies did not appear to be well positioned to provide in 1997 a results-oriented answer to the fundamental Results Act question: What are we accomplishing?"

These predictions proved to be accurate. The CFO Act agency strategic and performance plans were submitted on time. However, with a few notable exceptions, they still are in very formative stages of development. ~~Few agencies appear to have taken the Results Act seriously before last year.~~ This became clear last Spring when most agencies submitted draft strategic plans that completely ignored one or more elements specifically required by the law. It was reinforced during our reviews of the performance plans when we saw that few agencies had started to address their substantial data problems or to coordinate similar programs within their own agencies or with others. Agencies that had prepared effectively would not be discussing their need to develop baseline measures as part of their FY 1999 performance plans.

~~In short, most agencies were no further along in early 1997 than they were in August~~

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<sup>2</sup>The Government Performance and Results Act: 1997 Government wide Implementation Will Be Uneven, GAO/GGD-97-109 (June 1997), at page 5.

1993 when the Act was enacted. We are gratified by the degree of attention that has been focused on Results Act implementation during the past year and the considerable effort that has been made. Clearly, we are much farther along now than we were last year at this time. Nevertheless, agencies are still years behind the rate of progress Congress envisioned when it enacted the Results Act.

### **Effective implementation of the Results Act requires substantial “culture change.”**

*The Results Act emphasizes program results over inputs, outputs and process; it calls for objective, reliable data to define and measure program performance: and it seeks to hold programs and managers accountable for performance.* Unfortunate as it may be, these are novel concepts for the federal government that entail radical departures from current ways of doing business. At best, they require fundamental changes in thinking and in current practice on the part of both the Executive branch and Congress.

At worst, these concepts provoke opposition from those who are threatened by them. Many people in the Executive branch and in the Congress believe in the Act’s objectives and have been working hard to achieve them. However, there is also much cynicism about the resolve of federal decision makers to insist upon solid performance information and then use it in decision making and day-to-day program management. Some would prefer to see the effort fail.

### **Effective implementation of the Results Act presents substantive challenges.**

Even with the best of intentions, agencies face major challenges in implementing the Act. The data problems described previously are a serious barrier for most agencies. It would have been far better for agencies to begin dealing with their data problems during the start-up phase that preceded full scale implementation of the Act. However, this did not happen and we need to begin the task now. Developing the necessary data will be difficult for most agencies, and perhaps costly. There may also be concerns about burdening individuals and organizations outside the federal government who are often the best data sources.

Furthermore, many agencies face serious conceptual challenges in developing reasonable results-oriented goals. Some federal programs and activities lend themselves to this more readily than others. Few agencies have full control over the outcomes they seek to achieve, and almost all face significant external factors. Thus, even if outcome goals can be articulated, it may be difficult to attribute success or failure in achieving them to federal intervention in general or to the effects of individual federal programs and activities in particular. These issues require thought, time, and perhaps some trial and error.

## **RECOMMENDATIONS**

Notwithstanding the limited progress to date and the challenges that lie ahead, we are confident that the Results Act can succeed if we take the right steps now. We firmly believe that the Results Act offers so much promise that we must to everything possible to ensure its success. What can we do to get Results Act implementation on track?

**1. Congress and the Executive branch must work together to ensure that the Results Act provides performance data that is useful and then is used.** Producing good Results Act plans and reports is not an end in itself. The Act is only a tool to arm decision makers and managers with reliable performance data that they can then systematically integrate into their



daily tasks and use to improve the efficiency and effectiveness -of the federal government.

Given these considerations, ~~we are at a crossroads in Results Act implementation~~ and we face a serious dilemma. For the many reasons described above, Results Act plans have not yet developed to the point of being useful to decision makers in a systematic way. Therefore, it is unlikely (and unrealistic to expect) that decision makers will make much use of the plans in their present form. On the other hand, failure to use the plans may be interpreted as a sign of lack of interest on the part of decision makers. This will discourage those who have worked hard on the plans and encourage those cynics who expect and even want the Act to fail.

Therefore, we must first be clear that failure to use ~~the plans now is not a sign of disinterest~~ but merely ~~a consequence of the early stage of their development~~. ~~Simply put, the plans are not being used because they are not yet useful.~~ We must next work together to find ways to improve the plans in order to make them more useful. The Executive branch and the Congress share equally high stakes in effective Results Act implementation. Having solid results-oriented performance information about federal programs and activities serves in the interests of all decision makers, as well as the American public. We can vigorously debate the policy choices flowing from that information, but the importance of having that information and integrating it into policy discussions is not debatable.

~~We are confident will succeed if both the Executive branch Congress demonstrate that we are interested in having solid performance information developed, and that we will use the information once it is in place.~~

### ***2. Congress must continue to provide active oversight of Results Act implementation.***

We have applied rigorous criteria in our evaluations of strategic and performance plans, and we have been quite critical of most of the plans to date. We believe that our “scorecard” approach to evaluating the plans has been effective in focusing high-level attention on the plans, providing systematic feedback to agencies, and improving the quality of the plans. While we have received virtually no response from the Executive branch concerning the merits of our assessments, we do appreciate that our approach is regarded by some as being overly negative and adversarial.

Congress cannot afford to blunt its criticism of the current plans or to be less than candid about the many problems that exist. However, ~~the sole objective of our criticism is to prompt agencies to develop the best plans and performance information that they are capable of producing.~~ We therefore welcome dialogue with OMB and the agencies on how our efforts can be carried out most constructively and effectively in order to achieve this objective.

***3. The Executive branch must provide stronger leadership for Results Act implementation.*** No matter how active our oversight, Congress cannot spearhead implementation of the Results Act. Effective implementation of the Act, as with any other law, requires leadership and commitment from the Executive branch at its highest levels. One agency recently noted that each agency needs at least one senior level person “who will be a champion for performance management, take ownership of the process, and make it happen.” The importance of such leadership and its benefits are best illustrated by the fine work the Transportation Department has produced through the active, personal involvement of both Secretary Slater and Deputy Secretary Downey.

Further, OMB must provide a much stronger leadership role. Many agency officials have expressed a need for clearer guidance from OMB concerning the preparation of Results Act

plans. Some suggested that participation by OMB resource management officers in the development and review of plans has been uneven and inconsistent. OMB must especially assume a leadership role in ensuring that cross-cutting programs and activities are coordinated, that common performance measures are developed for similar programs and activities, and that major management problems are adequately addressed. Indeed, it is questionable whether agencies will be able to successfully address these key areas without active support and leadership from OMB.

Finally, leadership at the very highest levels of the Executive branch is essential. In this regard, we are encouraged by the interest Vice President Gore recently expressed in Results Act implementation. There is a clear connection between the National Partnership for Reinventing Government (NPR) and the Results Act. The NPR takes an important first step by focusing on improved “customer service” by “impact agencies.” For example, members of the public must be able to gain access to employees at agencies such as SSA and IRS on a timely and convenient basis when seeking information and services. The Results Act can take the next step by holding agencies accountable for the ultimate performance result: actually providing them the accurate information and the services they need.